6/14/88 S6615-2

MAY 1988

OREGON LABOR TRENDS

APRIL INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Apr.	1988	5.9
Mar.	1988	5.9
Apr.	1987	6.4

U.S. (Seas. Adj.)

Apr.	1988	5.4
Mar.	1988	5.6
Apr.	1987	6.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon 1977=100

Apr.	1988	120.9
Mar.	1988	120.8
Feb.	1988	120.1
Jan.	1988	119.7
Dec.	1987	118.8

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon

Mar.	1988	$10.73
Feb.	1988	$10.72
Mar.	1987	$10.53

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Mar.	1988	39.1
Feb.	1988	39.9
Mar.	1987	39.1

CONSUMER PRICE INDEX (CPI)

1982-84=100
ALL URBAN CONSUMERS

Portland-Vancouver

July-Dec. 1987	111.9
Yearly change	3.3%
Annual Average 1987	110.9
Yearly change	2.5%

U.S.

Apr. 1988	117.1
Yearly change	3.9%
Annual Average 1987	113.6
Yearly change	3.6%

Portland Hotline 221-4132

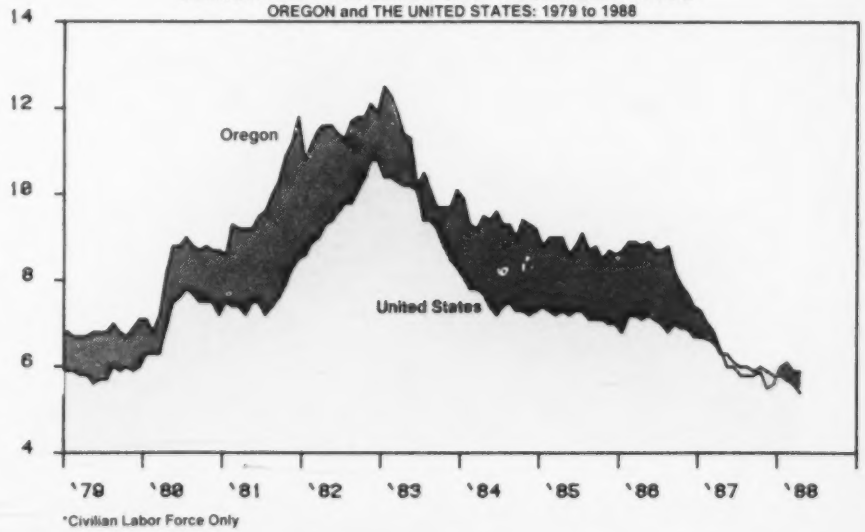
WHERE'S THE BEEF?

Fred Klatz

The news this month, at first sight, is hardly newsworthy; certainly, not the sort of crisis we're used to digesting with the T.V. news and the T.V. dinner. As you have no doubt read or heard elsewhere, the Nation's unemployment rate dropped two-tenths of a percentage point to 5.4% in April. You probably have been encouraged to begin jockeying and positioning yourself in the financial markets in anticipation of good times to come. The economy is showing strength in other areas besides the labor force. In fact, it's beginning to look so healthy that people are beginning to voice fears about inflation again. It seems that we bounce from one incipient crisis to another; almost like the "good news - bad news" jokes.

Oregon doesn't seem to be in a crisis; at least as far as the unemployment and employment situation is concerned. The seasonally adjusted unemployment rate is holding steady at 5.9%, nonfarm employment increased by over 10,000 between March and April, and the estimated number of unemployed decreased by almost 7,000. Along with these good signs, the seasonally adjusted nonfarm employment index rose slightly over the month (0.1) and showed a very strong gain over last year (4.9). So far, this has just been a re-hash of good news, and you're probably getting tired of it. However, this time there's an interesting twist.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1979 to 1988



*Civilian Labor Force Only

NOTE TO CPI USERS:

In 1988, CPIs for Portland and the U.S. shifted to a new reference base year (i.e. from 1967=100 to 1982-84=100). BLS chose the 1982-84 period to coincide with the time period of the updated CPIs expenditure weights, which are based upon the Consumer Expenditure Surveys for 1982, 1983, and 1984. Historical data for U.S. and Portland area indexes on the new reference base are available from the Employment Division, Research and Statistics (503) 378-2736.

Do you remember the television commercial that had as its main character a stocky little old lady who glowered into the camera and demanded to know: "Where's the beef?"? In one sense there is an element of this in the April unemployment estimate. In fact, I can visualize a stocky, little old lady glowering at me over the edge of my desk and demanding to know: "Where are the unemployed migrants?". And that's a very good question. According to stories in the media, several thousand people have come to Oregon to harvest agricultural products, but the crops are not ready to harvest yet. Shouldn't this drive up the unemployment rate? Let me answer this question by briefly outlining how the unemployment rate in Oregon is developed.

Oregon is part of a federal-state cooperative program which produces unemployment estimates at the state and sub-state level. The Employment Division makes these estimates on a contractual basis with the Bureau of Labor Statistics using standardized methodologies so that comparable data is produced by each state. In Oregon, estimates have two basic data sources: those developed within the state and those developed through the Census Bureau's Current Population Survey and given to the state.

The primary source of unemployment data in Oregon is the unemployment insurance system. If a person files a new claim, reopens an old claim, is compensated for a week of unemployment, exhausts benefits, is disqualified from receiving unemployment payments, or files a claim against another state, this individual is factored into the unemployment estimating procedure. Also, people who work for the federal government or railroads (neither of which are part of the regular state unemployment insurance system) and become unemployed are figured into the unemployment estimates. However, this isn't enough.

Many unemployed people do not make contact with, or are not covered by, the unemployment insurance system. In addition, unemployment insurance rules and coverage varies from state to state. To remedy these problems, estimates of the employed and unemployed are taken from the Current Population Survey and used, in conjunction with the unemployment insurance system, on the basis of a moving average. The reason for using a moving average is that in a state the size of Oregon the survey sample is so small the monthly survey results cannot be published directly with any degree of reliability. This is the same survey upon which the national unemployment rate is based, and it does not rely upon an unemployed person claiming unemployment insurance benefits. Rather, survey personnel from the Bureau of the Census select a number of housing units. They then contact the residents in these houses on a regular basis to inquire about their labor force status. The people doing the survey are strictly interested in the labor force status of the occupants and do not attempt to determine citizenship status. (Those readers interested in a more thorough discussion of unemployment concepts and estimating methods may want to obtain a recent BLS publication entitled **HOW THE GOVERNMENT MEASURES UNEMPLOYMENT-REPORT 742**.)

So, where are the migrants? Why didn't the influx of migrant workers raise the unemployment rate? First of all, there's the matter of timing. Were the migrants here during the mid-April survey week? Let's assume that they were here in numbers large enough to make a difference. And secondly, would we have made contact with them? Since none of these workers are likely to file an unemployment insurance claim, they probably didn't have any impact on the count of unemployment insurance claimants. That means that if we did have contact with them it was through the Current Population Survey.

Since this survey is based on a sample of housing units, these people would have to occupy some of the houses in the sample in order to be counted. The Current Population Survey sample is rotated on a regular basis so that the same housing units aren't repeatedly interviewed over a long period of time. On the positive side of this problem is the fact that the Current Population Survey sample is relatively large in the Willamette Valley. This is where most of the population of the State resides, and where most of the migrants appear to be currently.

Even if a household containing migrant workers is contacted, however, those people without a job may not be counted as unemployed. An important distinction is drawn between people who are "unemployed" and people who are "not in the labor force." To be considered unemployed a person needs to be part of the labor force, or have an attachment to it. That means if you don't have a job, you're either actively looking

NEW LMI PUBLICATION

The latest occupational wage data can be found in the **Oregon Wage Information** publication. This publication will be available in June.

Wage rates for 340 occupations are listed. Over 70% of all Oregonians working for wages and salaries in the private and public sectors work in these occupations. The addition of industry wage data is a new feature. A brief analysis of wage trends in Oregon has also been provided.

Requests for the publication can be made by contacting Jan Ciranny, R&S at (503) 378-2899 or toll free 1-800-237-3710 ext. 8-2899. □

RESIDENT OREGON LABOR FORCE

	APR.[1] 1988	MAR.[2] 1988	CHANGE	%CHANGE	APR.[5] 1987
CIVILIAN LABOR FORCE[3]	1,427,600	1,420,200	7,400	0.5	1,372,400
UNEMPLOYMENT	87,400	94,300	-6,900	-7.3	91,300
PERCENT OF LABOR FORCE	6.1	6.6	XXX	XXX	6.7
SEASONALLY ADJUSTED PERCENT	5.9	5.9	XXX	XXX	6.4
TOTAL EMPLOYMENT[4]	1,340,200	1,325,900	14,300	1.1	1,281,100

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. 5/ Due to revised estimating procedures between December 1987 and January 1988, data for 1988 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	APR.[1] 1988	MAR.[2] 1988	APR. 1987	CHANGE FROM MAR. 1988	CHANGE FROM APR. 1987
TOTAL[3]	1,124,000	1,113,900	1,078,800	10,100	45,200
WAGE & SALARY EMPLOYMENT INDEX[4]	120.9	120.8	116.0	XXX	XXX
TOTAL MANUFACTURING	206,900	204,500	197,000	2,400	9,900
DURABLE GOODS	152,700	150,800	143,700	1,900	9,000
LUMBER & WOOD PRODUCTS	67,500	66,700	65,400	800	2,100
LOGGING & SAWMILLS	34,200	33,700	32,900	500	1,300
VENEER & PLYWOOD	17,600	17,700	17,500	-100	100
MILLWORK & STRUCTURAL WOOD	10,500	10,100	9,900	400	600
MOBILE HOMES	1,400	1,400	1,300	0	100
OTHER WOOD PRODUCTS	3,800	3,800	3,800	0	0
FURNITURE AND FIXTURES	2,500	2,500	2,400	0	100
STONE, CLAY, GLASS & CONCRETE	3,500	3,400	3,300	100	200
PRIMARY METALS	10,000	10,100	9,000	-100	1,000
BLAST FURNACES, IRON & STEEL	6,000	6,000	5,400	0	600
NONFERROUS METALS	4,000	4,100	3,600	-100	400
FABRICATED METALS	10,700	10,400	9,900	300	800
FABRICATED STRUCTURAL METALS	4,700	4,400	4,400	300	300
OTHER FABRICATED METALS	6,000	6,000	5,500	0	500
MACHINERY	16,000	16,000	15,400	0	600
ELECTRICAL EQUIPMENT & SUPPLIES	14,600	14,300	13,200	300	1,400
TRANSPORTATION EQUIPMENT	12,400	11,900	10,300	500	2,100
INSTRUMENTS & RELATED PRODUCTS	12,100	12,200	12,000	-100	100
MISCELLANEOUS MANUFACTURING	3,400	3,300	2,800	100	600
NONDURABLE GOODS	54,200	53,700	53,300	500	900
FOOD & KINDRED PRODUCTS	20,100	19,900	20,800	200	-700
CANNING & PRESERVING	9,700	9,300	10,200	400	-500
OTHER FOOD PRODUCTS	10,400	10,600	10,600	-200	-200
TEXTILE MILL PRODUCTS	1,900	1,800	1,800	100	100
APPAREL	2,800	2,700	2,500	100	300
PAPER & ALLIED PRODUCTS	9,100	9,100	9,200	0	-100
PRINTING & PUBLISHING	13,400	13,300	12,400	100	1,000
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	4,000	4,000	3,700	0	300
LEATHER PRODUCTS	400	400	400	0	0
TOTAL NONMANUFACTURING	917,100	909,400	881,800	7,700	35,300
MINING & QUARRYING	1,300	1,300	1,400	0	-100
CONSTRUCTION	36,400	33,700	32,100	2,700	4,300
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,500	58,700	57,600	-200	900
TRANSPORTATION	37,100	37,400	36,400	-300	700
RAILROAD	3,900	3,900	4,000	0	-100
TRUCKING & WAREHOUSING	21,000	21,300	20,500	-300	500
OTHER TRANSPORTATION	12,200	12,200	11,900	0	300
COMMUNICATIONS	12,600	12,500	12,400	100	200
UTILITIES	8,800	8,800	8,800	0	0
TRADE	284,200	281,100	269,100	3,100	15,100
WHOLESALE TRADE	72,400	71,900	67,400	500	5,000
DURABLE GOODS	42,700	42,300	39,600	400	3,100
NONDURABLE GOODS	29,700	29,600	27,800	100	1,900
RETAIL TRADE	211,800	209,200	201,700	2,600	10,100
GENERAL MERCHANDISE	27,100	26,900	25,600	200	1,500
FOOD STORES	34,900	34,400	32,600	500	2,300
AUTO DEALERS & SERVICE STATIONS	26,800	26,300	26,000	500	800
OTHER RETAIL TRADE	123,000	121,600	117,500	1,400	5,500
FINANCE, INSURANCE, & REAL ESTATE	73,200	72,700	71,300	500	1,900
BANKING & CREDIT AGENCIES	24,200	24,000	23,800	200	400
OTHER FINANCE, INSURANCE, & REAL ESTATE	49,000	48,700	47,500	300	1,500
SERVICES	251,500	249,200	242,100	2,300	9,400
HOTELS & PERSONAL SERVICES	26,900	26,000	25,800	900	1,100
HEALTH SERVICES	77,400	77,100	74,000	300	3,400
OTHER SERVICES	147,200	146,100	142,300	1,100	4,900
GOVERNMENT	212,000	212,700	208,200	-700	3,800
FEDERAL GOVERNMENT	29,500	29,100	29,700	400	-200
STATE GOVERNMENT	59,200	59,200	57,700	0	1,500
EDUCATION	25,300	25,700	25,000	-400	300
OTHER STATE	33,900	33,500	32,700	400	1,200
LOCAL GOVERNMENT	123,300	124,400	120,800	-1,100	2,500
EDUCATION	79,100	80,000	77,600	-900	1,500
OTHER LOCAL	44,200	44,400	43,200	-200	1,000
LABOR – MANAGEMENT DISPUTES	100	200	1,400	-100	-1,300

[1]Preliminary
[2]Revised
[3]Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.
[4]Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).

for one, waiting to be recalled from a layoff, or have one definitely lined up. In fact, the Current Population Survey includes a question concerning job search efforts for the most recent four weeks and another question concerning a definite job start within 30 days. In other words, a person without a job is not necessarily unemployed. If you stop and think about it, this isn't as silly as it sounds. For example, a retired person who doesn't want to work anymore isn't considered unemployed. Other examples would be a student going to school full-time, or someone who is keeping house and doesn't want to work outside the home.

When applied to the migrants who have recently come to Oregon this is more than a bureaucratic nicety. Rather, it is the definition which excludes people from the labor force if they are not looking for work, or are waiting to start a job without a definite work agreement. And if people are not attached to the labor force, they are not considered unemployed and will not raise the unemployment rate.

Ironically, while the migrant workers who are waiting for jobs to begin and who are not currently seeking work don't affect the labor force statistics, those who are already working have a beneficial impact on the unemployment rate, because they are counted as employed.

After reading this article a person might be inclined to re-title it "Sometimes a Fine Bureaucratic Madness", but the selection of definitions and criteria are very important and to a large degree determine how we perceive the health of the economy. The reason for selecting criteria such as the ones mentioned above is to base the survey results on what people are actually doing rather than what they would like to do. However, once a definition is in place it begins to leave somebody out. This is a problem which is highlighted by the current situation with migrant workers. The present set of definitions used nationally in measuring the labor force, however, has been reviewed several times over the years, and is still found to be workable. □

JSEC SEMINARS

ENERGIZING YOUR WORKFORCE
Elks B.P.O.E. Lodge, Hillsboro
June 16 . . . 7:30 AM to 12:00 Noon
Call Lee Jones ph. 681-0210

HEARING PROCESS
Molatores, Klamath Falls
June 1 . . . 9:45 AM to 2:45 PM
Call Bob Watkins, ph. 296-5435

MIRACLE A MIXED BLESSING

by Arthur Ayre

Considering Oregon's current drive toward economic development, it is instructive to examine the economic recovery in New England. People talk about the "Massachusetts Miracle" and wonder at New Hampshire's incredibly low unemployment rate (2.5% in 1987). From the perspective of manufacturing hours and earnings, neither state stands out from the crowd. Indeed, the miracle appears to be that New England's economic growth, soaring real estate values, and rock bottom unemployment rates have had such a small impact on manufacturing hours and earnings statistics.

The most recent published averages are for January 1988. Manufacturing production workers in Massachusetts earned $9.98 an hour and worked 42.0 hours per week. Those in New Hampshire earned $9.50 and worked 41.3 hours. Those in Oregon earned $10.71 and worked 39.9 hours. By multiplying average hourly earnings by average weekly hours worked, we find that this category of workers earned $419.16 per week in Massachusetts, $392.35 in New Hampshire, and $427.33 in Oregon.

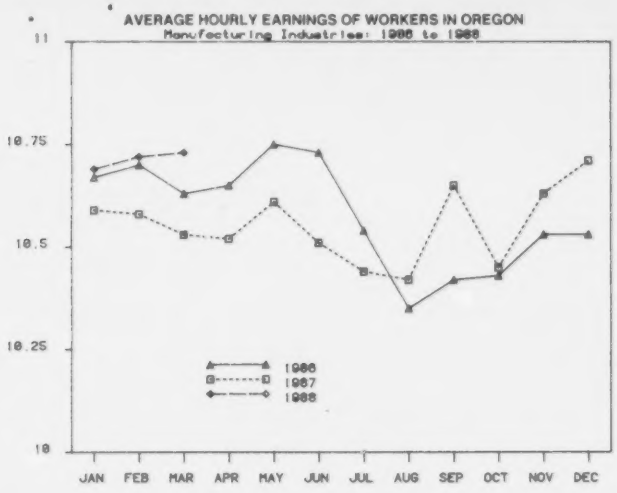
Several explanations are in order. First, there are substate pockets in New England (and in Oregon) where earnings are higher than the state average. In Nashua, NH, manufacturing production workers earned $11.67 per hour and $476.14 per week in January. In Boston, they earned $10.80 and $449.28. In Portland, they earned $10.78 and $434.43.

Second, these are January numbers and may be somewhat abnormal due to seasonal variations. Third, there are differences in the types of manufacturing taking place in each state. Fourth, there are many other non-production employees and non-manufacturing industries in New England which may be earning much more than their Oregon counterparts.

Having lived in New England for twelve years (prior to its recovery), I recently returned on vacation and observed some changes that may remind Oregonians of this state during the 1970s. Despite the apparently moderate level of manufacturing production wages in the New England growth areas, the "Massachusetts Miracle" has had the effect of causing companies and their employees to locate

away from the congestion and inflated real estate prices in the Boston area. Boston area residents complain about long commutes in stop-and-go traffic. Nashua residents say there aren't any houses available for less than $100,000. Companies are having difficulty finding qualified employees locally. Soaring southern New Hampshire real estate taxes are endangering family farms and those not in the higher income brackets.

According to one New England businessman, the same economic and congestive strangulation which has overcome California's Silicon Valley is starting to appear in the Boston and southern New Hampshire areas. This is the dark side of New England's brilliant recovery, and it is not reflected in the widely-publicized statistics. □



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Mar.[2] 1988	Feb.[3] 1988	Mar. 1987	Mar.[2] 1988	Feb.[3] 1988	Mar. 1987	Mar.[2] 1988	Feb.[3] 1988	Mar. 1987
TOTAL MANUFACTURING[4]	$419.54	$427.73	$411.72	39.1	39.9	39.1	$10.73	$10.72	$10.53
Durable Goods	421.97	434.70	414.87	39.4	40.4	39.7	10.71	10.76	10.45
Lumber & Wood Products	418.95	443.90	415.94	38.9	40.8	39.5	10.77	10.88	10.53
Logging & Sawmills	442.37	471.55	433.78	38.3	40.2	38.8	11.55	11.73	11.18
Veneer & Plywood	421.86	448.80	415.09	39.5	42.3	40.3	10.68	10.61	10.30
Millwork & Structural	350.64	373.43	372.19	39.8	41.4	40.9	8.81	9.02	9.10
Mobile Homes	320.25	286.50	299.40	36.6	32.3	35.1	8.75	8.87	8.53
Other Wood Products	408.83	424.13	420.73	39.5	40.9	40.3	10.35	10.37	10.44
Furniture & Fixtures	298.08	301.80	320.49	36.0	36.1	38.8	8.28	8.36	8.26
Primary Metals	504.57	510.50	504.19	41.7	42.4	41.6	12.10	12.04	12.12
Fabricated Metals	385.70	389.64	375.71	39.6	39.8	39.8	9.74	9.79	9.44
Machinery (Ex Electrical)	448.84	456.78	421.13	40.4	41.3	38.6	11.11	11.06	10.91
Nondurable Goods	409.96	406.27	403.50	38.1	38.4	37.5	10.76	10.58	10.76
Food & Kindred Products	326.14	323.60	331.00	35.8	36.4	35.9	9.11	8.89	9.22
Canning & Preserving	275.10	276.26	284.31	35.0	35.6	35.1	7.86	7.76	8.10
Other Food Products	382.78	381.21	387.45	36.7	37.3	36.9	10.43	10.22	10.50
Textile Mill Products	247.05	257.47	243.08	36.6	38.2	38.1	6.75	6.74	6.38
Apparel	229.12	234.70	222.31	35.8	38.1	37.3	6.40	6.16	5.96
Paper & Allied Products	632.28	623.24	629.25	43.1	42.6	41.7	14.67	14.63	15.09
Printing & Publishing	454.31	446.85	429.95	37.3	37.3	36.1	12.18	11.98	11.91
Construction[4]	480.93	474.35	456.21	34.5	34.2	33.3	13.94	13.87	13.70
Communications & Utilities[5]	509.21	539.06	509.12	39.2	40.5	39.9	12.99	13.31	12.76
Trade[5]	286.43	293.76	282.38	33.5	34.0	33.3	8.55	8.64	8.48
Wholesale Trade	380.25	400.28	377.93	37.5	38.9	36.2	10.14	10.29	10.44
Retail Trade	240.16	240.66	236.38	31.6	31.5	31.9	7.60	7.64	7.41
Banking & Insurance[5]	319.51	343.93	308.31	35.9	38.6	36.4	8.90	8.91	8.47
State & Local Government	362.47	366.04	347.41						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
[2]Preliminary
[3]Revised
[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

PER CAPITA PERSONAL INCOME, 1987

Duane Ackerson

...For Paul Revere I'll bite
I hear his foot's all right.
Of course it all depends
if it rained last night.

Frank Loesser, "Fugue for Tinhorns,"
GUYS & DOLLS

At the beginning of the durable musical ***GUYS & DOLLS***, three racetrack types sing a pop fugue, a three part song in which each advocates his own horse in an upcoming race. For those whose fondness for ranking things is not totally expended on baseball cards and sports events, the U.S. Department of Commerce's Bureau of Economic Analysis recently released 1987 per capita personal income statistics. The fifty states are ranked in terms of per capita income. For those awaiting the results, clutching their tickets in aggravated suspense: Oregon moved from number 31 to number 30 in the race.

If the U.S. itself were running with the rest of the pack, it would come in, at $15,340, a cool nose ahead of Michigan ($15,330), Number 18, and a rooster's crow behind Rhode Island, Number 17 at $15,355. The states as a whole found the track muddier than last year's; 1987's per capita income moved ahead at a slower pace (4.8%) than it did in 1986 (5.2%). Oregon, with a per capita increase of 4.2%, was behind the U.S. average, and among thirty-seven states in all whose rates fell.

Per capita personal income is defined as the annual total personal income for residents of an area divided by its resident population as of July 1. We might look at personal income as if all the money at the track were riding on one winning horse; everyone gets to split the pot evenly to arrive at per capita personal income. (This explanation is beginning to sound a little like the plot of ***THE TREASURE OF SIERRA MADRE***, isn't it?) According to the U.S. Department of Commerce, Bureau of the Census, which provides the people to divide up the loot, Oregon's July 1, 1987 population was 2,724,000. This must have been a bad day for going to the track. Why? Because 34,000 more Oregonians stayed at home to be counted than by the reckoning of the PSU Center for Population Research and Census, which recently estimated Oregon's July 1, 1987 population to be 2,690,000, give or take a sasquatch or two. If total personal income (known in economic parlance as the "pot of gold") is divided by the PSU figure, Oregon moves up to 28th place in the sweepstakes, and everyone in Oregon gets $175 more, since per capita income rises from $13,887 to $14,062.

One might take the view that households, not individuals, spend money. Why else were family restaurants and pizza parlors invented? In an attempt to further confuse matters, the Commerce Department has also recently released numbers on average population per household for the various states. The accompanying table shows the states ranked by per capita income and sorted by "average household income," which the author derives by multiplying per capita income by average population per household. By this measurement, Oregon loses a bit more ground; its average household population for 1987 of 2.48, multiplied by the per capita income for that year of $13,887, yields an average household income of $34,440, leaving it in the dust as Number 35 in the Nation.

Oregon's per capita income, in nominal terms, has increased over time. In fact, it more than doubled between 1975 and 1987, climbing from $6,053 to $13,887. However, in 1979, Oregon's per capita income was 102% of the national average (U.S.: $9,033; Oregon: $9,174), while, by 1987, Oregon's per capita income, at $13,887, was 91% of the national per capita income of $15,340. In all, over the period 1975-87, while Oregon per capita income rose 129%, U.S. per capita income grew by 153%. Oregon residents are losing spending power when compared with the country as a whole.

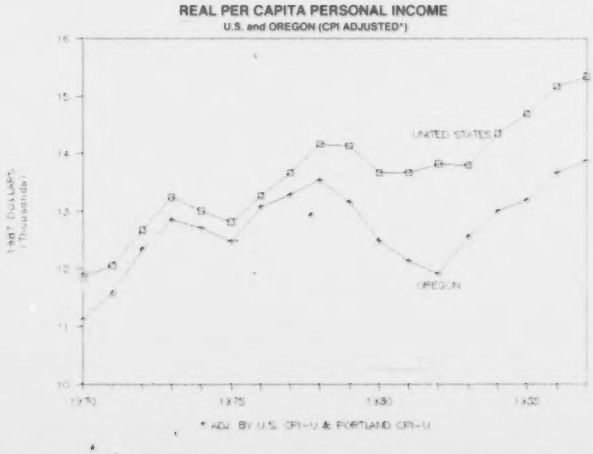
As an additional test of the last statement, we can apply the Consumer Price Index for All Urban Consumers to these per capita figures to adjust for inflation between 1975 and 1987. Using the Portland CPI-U to adjust the Oregon data, we see that the State's real per capita personal income in terms of 1987 dollars rose 10.6% ($12,559 to $13,887) during this twelve year period. Adjusting national data by the change in the U.S. CPI-U, however, reveals that real per capita income in the Nation increased nearly twice as fast, or 19.6% ($12,824 to $15,340).

Though the weather in the Northwest has been dryer in recent years, the track has gotten muddier, and Oregon has slipped considerably since 1979. It's interesting to note that if per capita rankings for 1979 and 1987 are compared, only Wyoming, thirty laps behind where it was eight years before, has fallen behind Oregon, trailing itself by twelve laps. In fact, much of the west is trailing the pack: of the "top" ten states in terms of lost rank, seven are western states. Of the ten states sharing the winner's cup for most improved ranking, nine are eastern and one, Georgia, is a Gulf coast state.

However, perhaps such setbacks should be regarded as opportunities. Continually down on their luck, the denizens of Times Square in Frank Loesser's masterpiece remain ever optimistic. Following the lead of the racetrack touts in the musical, we might decide that in life, as in television, ratings change, and declare in chorus:

Can do, can do,
This guy says the horse can do.
If he says the horse can do,
Can do, can do.

"Fugue for Tinhorns"
GUYS & DOLLS □


REAL PER CAPITA PERSONAL INCOME
U.S. and OREGON (CPI ADJUSTED*)
UNITED STATES
OREGON
1987 Dollars (Thousands)
* ADJ. BY U.S. CPI-U & PORTLAND CPI-U

U.S. STATES RANKED BY PER CAPITA PERSONAL INCOME & SORTED BY HOUSEHOLD INCOME, 1987

RANK	AREA	PER CAPITA INCOME($)	% CHANGE 1986-87	% OF U.S. PER CAPITA	AVERAGE POPULATION PER HOUSEHOLD	AVERAGE HOUSEHOLD INCOME
	United States	15,340	4.8	100.0%	2.64	40,498
1.	Connecticut	20,980	6.9	136.8%	2.62	54,968
2.	New Jersey	20,067	6.4	130.8%	2.68	53,780
5.	Alaska	17,886	-0.7	116.6%	2.89	51,691
3.	Massachusetts	18,926	7.2	123.4%	2.58	48,829
6.	Maryland	17,722	5.1	115.5%	2.68	47,495
7.	California	17,661	4.7	115.1%	2.68	47,331
4.	New York	18,055	6.5	117.7%	2.58	46,582
16.	Hawaii	15,366	5.1	100.2%	3.02	46,405
8.	New Hampshire	17,133	5.0	111.7%	2.61	44,717
9.	Illinois	16,347	5.2	106.6%	2.65	43,320
10.	Virginia	16,322	5.6	106.4%	2.63	42,927
11.	Delaware	16,238	5.1	105.9%	2.64	42,868
18.	Michigan	15,330	3.5	99.9%	2.68	41,084
14.	Minnesota	15,783	5.3	102.9%	2.60	41,036
13.	Colorado	15,862	4.1	103.4%	2.56	40,607
12.	Nevada	15,958	3.8	104.0%	2.49	39,735
17.	Rhode Island	15,355	5.4	100.1%	2.57	39,462
20.	Pennsylvania	14,997	5.3	97.8%	2.62	39,292
15.	Washington	15,444	3.1	100.7%	2.51	38,764
22.	Wisconsin	14,659	4.8	95.6%	2.62	38,407
21.	Kansas	14,952	3.2	97.5%	2.54	37,978
23.	Ohio	14,543	4.6	94.8%	2.61	37,957
27.	Georgia	14,098	4.7	91.9%	2.69	37,924
32.	Texas	13,764	2.1	89.7%	2.75	37,851
29.	Arizona	14,030	2.9	91.5%	2.68	37,600
19.	Florida	15,241	4.3	99.4%	2.46	37,493
24.	Missouri	14,537	4.4	94.8%	2.56	37,215
25.	Nebraska	14,341	4.5	93.5%	2.54	36,426
31.	Indiana	13,834	5.3	90.2%	2.63	36,383
28.	Vermont	14,061	5.4	91.7%	2.58	36,277
26.	Iowa	14,191	6.1	92.5%	2.55	36,187
48.	Utah	11,246	2.3	73.3%	3.19	35,875
33.	Maine	13,720	7.3	89.4%	2.57	35,260
36.	Wyoming	12,759	-0.1	83.2%	2.72	34,704
30.	Oregon	13,887	4.2	90.5%	2.48	34,440
35.	North Dakota	13,061	4.9	85.1%	2.62	34,220
34.	North Carolina	13,155	5.8	85.8%	2.60	34,203
37.	Tennessee	12,738	6.1	83.0%	2.61	33,246
42.	South Carolina	11,858	5.2	77.3%	2.77	32,847
39.	South Dakota	12,511	5.9	81.6%	2.59	32,403
43.	Idaho	11,820	5.3	77.1%	2.74	32,387
45.	New Mexico	11,673	2.1	76.1%	2.77	32,334
38.	Oklahoma	12,520	1.6	81.6%	2.55	31,926
40.	Montana	12,255	3.5	79.9%	2.60	31,863
44.	Alabama	11,780	4.0	76.8%	2.69	31,688
41.	Kentucky	11,950	5.4	77.9%	2.65	31,668
46.	Louisiana	11,362	1.5	74.1%	2.78	31,586
47.	Arkansas	11,343	2.7	73.9%	2.61	29,605
49.	West Virginia	10,959	4.1	71.4%	2.63	28,822
50.	Mississippi	10,204	5.2	66.5%	2.81	28,673
	Dist. of Columbia	20,303	6.5	132.4%	2.35	47,712

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

EMPLOYERS' CORNER -EXPROPRIATION OF FUTA

Dorothy Monnier

(Editor's Note: This article is a "Position Paper" of the Oregon State Job Service Employers' Committee.)

Do you know what is happening to your Federal Unemployment Tax Act (FUTA) taxes?

THE SYSTEM

Federal Unemployment Tax Act (FUTA) funds are collected by IRS and distributed to each state by the federal government. The FUTA tax is 0.8% on a taxable wage base of $7,000, or up to $56 per employee per year. This includes a 0.6% ($42) permanent tax and a 0.2% ($14) temporary tax. These monies pay for the administration of all the Employment Security Agencies nationwide.

The funds to pay unemployment insurance benefits to unemployed workers come from a state tax collected by the State Employment Division and can be used only to pay benefits. Thus, employers pay two separate payroll taxes: a federal tax (FUTA) to staff and operate the system and a state tax (UI) to generate revenues to pay benefits to eligible claimants. The two revenue sources have two things in common: BOTH ARE GENERATED BY A TAX ON EMPLOYERS, AND BOTH RESIDE IN THE FEDERAL UNIFIED BUDGET.

THE PROBLEM

The federal government is not appropriating all of the FUTA administrative funds to the states for administration of the Employment Service (ES) and Unemployment Insurance (UI). Surpluses of dedicated funds are being impounded by Congress to create the illusion of a lower federal deficit than actually exists.

These paper offsets contribute nothing to reduce the actual federal deficit, and at the same time deny the Employment Security Agencies money to maintain minimum services.

Congress first enacted the temporary 0.2% increase in FUTA effective January 1, 1977 for the sole purpose of paying off an $8 billion extended benefit debt incurred in the mid-70s. Congress promised employers that once the debt was paid, the tax would expire. This promise was written into law. The debt was paid off May 31, 1987 which would cause the law to expire January 1, 1988.

However, in December of 1987 this "temporary" tax was extended for three years (1988-1991). The cost to Oregon employers alone will be over $40 million. Not only was the unnecessary temporary tax extended, but the ceilings on the FUTA accounts were raised.

This effectively impounds the dedicated, employer-paid FUTA funds for the sole purpose of obscuring the true size of the FEDERAL DEFICIT. It allows Congress to use these non-allocated funds to offset the budget impact of spending in other programs which lack revenue.

THE SOLUTION

As long as the UI trust fund and FUTA funds are included in the Federal Unified Budget, they will tempt Congress to balance the budget with mirrors. By residing in the Federal Unified Budget, these funds are first of all subject to the Gramm-Rudman-Hollings Reduction Act. However, these unappropriated, dedicated funds cannot be spent for other programs and cannot reduce the deficit. They simply build an unappropriated surplus.

Because these surpluses are not being returned to the states, many employers nationwide are being DOUBLE TAXED by implementation of State Administrative taxes. Without these state taxes, offices would be closed and services to employers, job applicants, and unemployment insurance claimants would be curtailed. Oregon diverted over $10 million from the UI trust fund to maintain services in the 1987-89 biennium. The gap between projected federal allocations and the needs of the Oregon Employment Division continues to grow.

The Employment Division funding deficit continues to escalate because of the federal shortfall with a projected gap again in the 1989-91 biennium. This will continue the need for diversion from the UI trust fund to maintain adequate services.

As long as the FUTA funds remain in the Federal Unified Budget, Congress has the means to camouflage a high level of deficit spending. Is it really fair for employers to be taxed to pay for a national deficit problem and then double taxed to fund the State Employment Security System for which those funds were originally collected?

THE RESOLUTION

1.RELEASE adequate FUTA monies to maintain the Employment Security System at the 30,000 staffing level nationwide, and

2. REMOVE FUTA from the Federal Unified budget.

You should be concerned . . . . you should become an active member of your local Job Service Employers' Committee (JSEC), so that you will be informed about what is happening to your tax dollars. □

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